

**Opening Statement of the Honorable Ed Whitfield**  
**Subcommittee on Energy and Power and Subcommittee on**  
**Environment and the Economy**  
**Hearing on “The Fiscal Year 2015 EPA Budget”**  
**April 2, 2014**

*(As Prepared for Delivery)*

I would like to thank EPA Administrator Gina McCarthy for appearing before us today, and I certainly hope that we can shed some light on a number of issues with the agency's proposed budget and priorities for the coming fiscal year.

EPA's budget for FY 2015 is \$7.89 billion dollars. My biggest concerns are with EPA's regulatory agenda and particularly its efforts to target energy, including coal which is the nation's largest source of electricity.

Although the President pledged to “cut red tape” in his State of the Union address, EPA is clearly moving in the opposite direction, piling many new major rules on top of all the existing ones. This includes an expansive and expensive global warming agenda that Congress never authorized and that the agency admits will have only a trivial impact on the earth's future temperature. In other words, EPA's climate agenda is all economic pain for no environmental gain, and may well be a part of the reason that the economy and job growth have remained sluggish throughout the Obama presidency.

Just one rule impacting coal-fired power plants, the Mercury and Air Toxics Standards, has been estimated by the agency to cost \$9.6 billion dollars annually - more than the agency's entire budget. And the initial real-world experience with this rule indicates that it may cost quite a bit more than \$9.6 billion and lead to numerous plant closures. Like many of EPA's most extreme regulations, this rule is affecting the security and affordability of the energy sector.

The regulations targeting coal have already increased the number of coal-fired power plant shutdowns. According to the North American Electric Reliability Corporation, these closures will accelerate in the years ahead and could lead to serious reliability concerns.

And I might add that during this very cold winter, we saw the limits of relying too heavily on natural gas to fill the void left by coal. In fact, many coal-fired units pressed into service to meet peak demand during the coldest days are among those slated to be shut down in the near future. This winter was an early warning that if EPA's anti-coal agenda is left unchecked, there will be serious consequences for electricity reliability and affordability.

Time and time again, we've seen EPA set extreme standards. We've witnessed this with the Utility MACT and the Regional Haze Program, with astronomical compliance costs for states and utilities, and in some cases, are causing power plants to shut down. And the toughest rules for coal are yet to be finalized. Anyone who doubted that EPA is trying to “bankrupt the coal industry” as President Obama promised should have been convinced by proposed New Source Performance Standards for new electric utility generating units. In effect, this proposal requires carbon capture and storage (CCS) for coal-fired power plants, which is not commercially available now and is unlikely to become so for a long time. If this isn't a ban on new coal, then nothing is.

The Clean Air Act requires that New Source Performance Standards be based on technologies that are adequately demonstrated. In the agency's very strained attempt to claim that CCS is adequately demonstrated, EPA relied on projects in the federal government's Clean Coal Power Initiative. But the Energy Policy Act of 2005 clearly forbids EPA from relying on such federally funded projects when determining whether CCS is adequately demonstrated. The provision in EPA Act 05 is an explicit prohibition that Congress intended to include in order to prevent EPA from prematurely mandating the use of a technology before it is commercially viable.

This committee's November 15, 2013 letter to EPA specified these violations, which are all-too-typical of an agency that routinely exceeds its authority to achieve a predetermined agenda. And the agency's failure to respond to the letter is all-too-typical of the lack of EPA's transparency and responsiveness.

I hope we can explore these and other serious concerns with both the substance and the legality of EPA's regulatory agenda for the fiscal year ahead.

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